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Attorneys for Defendants MIDLAND CREDIT MANAGEMENT, INC. AND MIDLAND  
FUNDING LLC

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF CALIFORNIA**

DOUGLAS E. BELLOWS,

Plaintiff,

v.

MIDLAND CREDIT MANAGEMENT,  
INC. AND MIDLAND FUNDING LLC,

Defendants.

Case No. 09 CV 1951 LAB WMC

**DECLARATION OF TODD F.  
STEVENS RE DEFENDANTS'  
PETITION TO COMPEL  
ARBITRATION**

Date: March 22, 2010

Time: 11:15 a.m.

Courtroom: 9

Judge: The Hon. Larry A. Burns

Trial: None Set

I, Todd F. Stevens, declare:

1. I am an attorney duly licensed to practice law in the State of California and am admitted to practice in the United States District Court, Southern District of California, and am a shareholder in the law firm of Keeney Waite & Stevens, attorneys of record for Defendants Midland Credit Management, Inc. and Midland Funding LLC (collectively "Midland"). I make this declaration from my own personal knowledge and if called upon to testify, I would competently testify to the facts contained herein.

2. Attached to this Declaration as Bates Nos. MCM 001 - 0009 is an enlarged copy of the Household Bank Cardmember Agreement and Disclosure Statement that Stuart Austin authenticates in his Declaration as being the operative Cardmember Agreement in this matter.

3. Also attached to this Declaration and identified as Bates No. 0010 is an exact but enlarged copy of a portion of an HSBC Bank Nevada, N.A. Privacy Statement, part of the governing documents in this matter that were authenticated in the Stuart Austin declaration.

I declare under penalty of perjury and under the laws of the United States of America that the foregoing is true and correct and executed this 15<sup>th</sup> day of March, 2010.

Todd F. Stevens  
Todd F. Stevens

Court Name: United States District Court, Southern District of California  
Case Name: *Bellows v. Midland Management, Inc.*  
Case No.: 09 CV 1951 LAB WMC

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Exhibit No.	Description	Page No.
A	Household Bank Cardmember Agreement and Disclosure Statement	Bates Nos. MCM 0001 - 0010

# **Household Bank®**

## **CARDMEMBER AGREEMENT AND DISCLOSURE STATEMENT**

Please keep this with your important papers.

**AG1819 (12/03)**

### **AGREEMENT TO TERMS AND DEFINITIONS**

This Cardmember Agreement and Disclosure Statement, the enclosed document with "Important Information Regarding Your Account", and any amendments to them are collectively the "Agreement" that governs the open end line of credit we have established for you (your Account). "You" and "your" refer to all persons who applied for the Account. "We," "us," and "our" refer to Household Bank (SB), N. A. "Card" means any credit cards issued to you under this Agreement. You and we are bound by this Agreement from the date of your first transaction. You may cancel your Account before using it without paying any fees.

You agree to use your Account only for personal, family, household, or charitable purposes. You agree not to use your Account to make payments to us or to any of our affiliates. You agree to only use your Account for valid and lawful purposes and that if your Account is used for any other purposes you are responsible for such use and may be required to reimburse us and either MasterCard International Incorporated or Visa International for all resulting amounts and expenses.

### **PROMISE TO PAY**

You promise to pay according to the terms of this Agreement for all: (a) credit we extend to you or to anyone you authorize to use your Account; (b) Finance Charges, late charges, over limit charges and administrative charges (e.g. for research, returned checks, etc.) provided in this Agreement; and (c) collection costs and attorneys' fees to the extent permitted by applicable law.

If your Account is a joint Account, each joint Accountholder is jointly and individually responsible for all amounts due under this Agreement regardless of any divorce or other legal proceedings or any agreement that may effect liability between you. If either joint Accountholder denies liability for amounts owed we may close your Account. If we do, you must continue to pay according to the terms of this Agreement, but you will not be able to make new charges on your Account.

### **USING YOUR ACCOUNT**

You can access your Account using your Card or by other means approved by us which may include cash advance transactions. Cash advances include all advances to get cash over the counter, through an ATM, balance transfers, or other "cash-like" transactions (such as purchasing a money order, traveler's check, casino or betting chip, or a lottery ticket) as determined by us. We may limit the dollar amount and/or frequency of any type of transaction without notice to you.

### **YOUR CREDIT LIMIT**

We will advise you of the total credit limit on your Account. All or a portion of your total credit limit is available for cash advances. Your total credit limit and cash advance limit may change from time to time. We will notify you of any such changes through your billing statement or by sending you a separate notice. If no separate cash advance limit is listed on your billing statement, then the amount of your credit limit available for cash advances is your total credit limit.

You agree not to allow your unpaid balance to exceed your total credit limit. Your unpaid balance includes Finance Charges and other charges. We are not required to extend credit if you have exceeded your total credit limit or if the amount requested would cause you to exceed your total credit limit. If you exceed your total credit limit, you agree to pay us that excess amount immediately. Your total credit limit and cash advance limit may not reflect your payments for up to 14 days.

**PAYMENT**

Each statement you receive from us will identify a Minimum Payment and Current Payment Due. The Minimum Payment is calculated as follows:

- (1) If your New Balance is not more than \$18, your Minimum Payment is the New Balance.
- (2) If your New Balance is more than \$18, your Minimum Payment is the greater of:
  - 2.5% of the New Balance shown on your statement, or
  - \$15

The Current Payment Due is the sum of:

- your Minimum Payment, and
- the greater of any amount past due, or any overlimit amount.

An overlimit amount is the amount by which your New Balance exceeds your credit limit. Your Minimum Payment and Current Payment Due will be rounded up to the nearest dollar, unless doing so will cause the resulting value to exceed the New Balance.

You must pay at least the Current Payment Due in time to be credited to your Account by the Payment Due Date, and failure to do so constitutes a default of this Agreement. If you do not pay at least the Minimum Payment and any amount past due in time to be credited to your Account by the Payment Due Date, you may be assessed a late payment fee. Instructions for making payments are on your billing statement. For a payment to be credited to your Account as of a particular day, we must receive your payment by the date and time and in the manner specified in those instructions. The Payment Due Date will be determined by us but will be at least 20 days after the close of your billing cycle (the "Statement Date"). You must pay any overlimit or past due amount immediately. You may pay more than the Current Payment Due and may pay the entire New Balance at any time.

All payments must be in U.S. dollars. Except for disputed payments, if you pay by mail the payment must be sent to the address specified on your billing statement. If you pay by negotiable instrument, such as a money order or check, it must be in a form that is acceptable to us and must be drawn on a U.S. financial institution. Disputed payments, including those marked "Payment in Full" or otherwise restrictively endorsed, must be sent to the address for written inquiries shown on your statement. We can accept such payments, and any that are late or partial, without waiving our rights under this Agreement. If your financial institution returns your payment check or similar instrument for insufficient or uncollectible funds you authorize us to collect it electronically via an ACH transaction.

You may request a change to your billing cycle date no more than once a year. You agree that changes based on your request may shorten any Grace Period you may have or increase the time period for which periodic Finance Charges may accrue.

**APPLICATION OF PAYMENTS**

Your payments will be applied as we determine, and may change from time to time, without notice.

**ANNUAL PERCENTAGE RATES AND PERIODIC RATES FOR VARIABLE RATE ACCOUNTS**

The Daily Periodic Rate used to determine your periodic Finance Charges will be a variable rate which may change. The Spread, Annual Percentage Rate ("APR"), Daily Periodic Rate, and minimum rate of Finance Charge for the variable Customary APR for credit card purchases, balance transfers, and cash advances, and the variable Default APR are indicated on the enclosed document entitled "Important Information Regarding Your Account." We calculate the APR by adding the Index to the applicable Spread (explained on the enclosed document entitled "Important Information Regarding Your Account"). Different types of transactions may have different APRs. The Daily Periodic Rate is the corresponding APR divided by 365.

**ANNUAL PERCENTAGE RATES AND PERIODIC RATES FOR FIXED RATE ACCOUNTS**

The Daily Periodic Rate used to determine your periodic Finance Charges will be a fixed rate. The Annual Percentage Rate ("APR") and corresponding Daily

Periodic Rate for the fixed Customary APR for credit card purchases, balance transfers, and cash advances, and the fixed Default APR are indicated on the enclosed document entitled "Important Information Regarding Your Account." Different types of transactions may have different APRs. The Daily Periodic Rate is the corresponding APR divided by 365.

#### **PROMOTIONAL RATE OFFERS**

At our discretion, we may offer you a Promotional Annual Percentage Rate for any type of transaction. The period of time for which the promotional rate applies may be limited. Certain promotional offers may or may not be subject to Cash Advance Fees. Any promotional rate, the corresponding periodic rates, and the period of time during which it is in effect, will be disclosed to you. Any promotional rate offer will be subject to the terms of the offer and this Agreement.

#### **MINIMUM FINANCE CHARGE**

There will be a Minimum FINANCE CHARGE of \$2.00 for each billing cycle in which a periodic Finance Charge is payable. Any Minimum Finance Charge may increase the actual Annual Percentage Rate on your Account.

#### **ANNUAL FEE**

The enclosed document entitled "Important Information Regarding Your Account" indicates whether or not your Account is subject to an Annual Fee. If your Account has an Annual Fee, you agree to pay a non-refundable Annual Fee for each year your Account is open or closed with a balance in an amount to be set by us from time to time. The Annual Fee compensates Household Bank, in part, for cardmember services provided or made available to you throughout the membership year which includes, but is not limited to, the right of the cardmember to access customer service staff, the right of the cardmember to withhold payment of disputed charges, and the processing and mailing of the monthly billing statement. You agree that the Annual Fee will be charged to your Account.

#### **LATE CHARGE/LATE PAYMENT FEE**

We may add a late payment fee to your Account for each billing cycle you fail to pay at least the Minimum Payment and any amount past due, in time to be credited to your Account by the Payment Due Date. This late payment fee is \$35.

#### **RETURNED CHECK CHARGE/RETURNED PAYMENT FEE**

We may add a fee to your Account each time a payment check, automatic payment deduction, or similar instrument is not honored or is returned unsatisfied by your bank or other financial institution. This fee is \$35.

We may add a fee to your Account each time a credit card check (a convenience check, balance transfer check, electronic check, etc.) is returned unsatisfied by us for any reason. This fee is \$35.

You agree that any payment returned unsatisfied for any reason may be reposted to any type of transaction (i.e., cash advance, purchase, etc.), and Finance Charges may be reinstated back to the payment date at the APR being charged for that transaction type.

#### **OVERLIMIT FEE**

We may add an overlimit fee to your Account if your balance exceeds your credit limit at any time during that billing cycle. We may impose this fee even if we authorize or impose any charges that cause your balance to exceed your credit limit. This fee is \$35.

#### **RESEARCH CHARGE**

You agree to pay \$7 for each sales slip copy you request and \$5 for each statement copy you request.

#### **CHANGE OF TERMS (INCLUDING FINANCE CHARGES)**

**WE MAY CHANGE OR TERMINATE ALL OR ANY PART OF THIS AGREEMENT OR ADD NEW TERMS AT ANY TIME, INCLUDING WITHOUT LIMITATION ADDING OR INCREASING FEES, INCREASING YOUR PERIODIC PAYMENT AND INCREASING THE RATE OR AMOUNT OF FINANCE CHARGE, OR CHANGING THE METHOD OF COMPUTING THE BALANCE UPON WHICH FINANCE CHARGES ARE ASSESSED. WRITTEN NOTICE WILL BE PROVIDED TO YOU WHEN REQUIRED BY APPLICABLE LAW. UNLESS OTHERWISE STATED, CHANGES APPLY TO BOTH NEW AND OUTSTANDING BALANCES.**

#### **DEFAULT AND TERMINATION OF AGREEMENT**

You will be in default under this Agreement if: (a) you fail to make at least the Minimum Payment in time to be credited to your Account by the Payment Due Date; (b) you violate any other provision of this Agreement; (c) you die; (d) you

become subject to bankruptcy or insolvency proceedings; (e) you supply us with misleading, false, incomplete or incorrect information; (f) we receive information from third parties, including credit reporting agencies, which indicate a serious delinquency or charge-off with other creditors; (g) you move out of the U.S., provide us with a non-U.S. mailing address, or fail to provide us a physical address; (h) you exceed your credit limit; (i) your payment is returned unsatisfied by your bank or other financial institution for any reason; or (j) any credit card check is returned unpaid by us. Upon default, we have the right to close your Account, to terminate or suspend your credit privileges under this Agreement, to change the terms of your Account and this Agreement, to require you to pay your entire Account balance including all accrued but unpaid charges immediately, and to sue you for what you owe. If you do not pay us, your Account balance will continue to accrue Finance Charges and fees until paid in full and will remain subject to all the terms and conditions of this Agreement. If we sue you, or if we hire a third party to collect your Account balance, you will pay our court costs, reasonable attorneys' fees and other collection costs related to the default to the extent permitted by law in the state in which you reside, and we will apply your payments first to attorneys' fees and other costs and then to principal and unpaid Finance Charges.

#### **CREDIT AUTHORIZATIONS**

Some purchases will require our prior authorization and you may be asked by the merchant to provide identification. If any part of the authorization system is not working, we may not be able to authorize a transaction, even if you have sufficient available credit. We will not be liable to you if any of these events happen. We are not responsible for the refusal of any merchant to accept or honor your Card.

#### **CARD RENEWAL**

Cards are issued with an expiration date. We have the right not to renew your Card for any reason.

#### **CARD CANCELLATION**

We can close your Account, terminate or suspend your credit privileges or reduce your credit limit at any time and for any reason, subject to the requirements of applicable law. Your Account balance will continue to accrue Finance Charges and fees until paid in full and will remain subject to all the terms and conditions of this Agreement. You agree to destroy your Card(s) and any unused credit card checks. We will not honor any credit card check written on your Account or authorize any transactions after your Account has been closed or your credit privileges have been terminated or suspended.

#### **CLOSING YOUR ACCOUNT**

You can cancel or close your Account by writing to us at P.O. Box 81622, Salinas, CA 93912-1622. If you cancel your Account, you must immediately pay everything you owe us, including any amounts owed but not yet billed to you. If you do not pay us, your Account balance will continue to accrue Finance Charges and other fees and will remain subject to all the terms and conditions of this Agreement. You also agree to destroy your Card(s) and any unused credit card checks. We will not honor any credit card check written on your Account or authorize any transactions after your Account is closed.

#### **LIABILITY FOR UNAUTHORIZED USE**

You should retain copies of all charge slips until you receive your statement, at which time you should verify that the charges are true and the amounts unaltered. You may be liable for the unauthorized use of your credit card. You will not be liable for unauthorized use that occurs after you notify us of the loss, theft or possible unauthorized use. Notification must be given by writing us immediately upon learning of the loss, theft or possible unauthorized use at P.O. Box 81622, Salinas, CA 93912-1622 or calling us at the telephone number listed on your billing statement. You will not be liable for any unauthorized use of your credit card Account when you notify us immediately at the phone number or address above. In any case, your liability for unauthorized use of your credit card will not exceed \$50.

#### **SECURITY**

We are extending you an unsecured line of credit. We therefore waive any security interest that might arise under this Agreement due to language in other loan agreements you may have with us.

#### **LOST OR STOLEN CREDIT CARD CHECKS**

You agree to notify us immediately if any credit card checks are lost or stolen. You may notify us by calling (800) 395-4500.



**CHANGE OF NAME, ADDRESS, TELEPHONE NUMBER OR EMPLOYMENT**

You agree to give us prompt notice of any change in your name, mailing address, telephone number or place of employment.

**STOP PAYMENT**

We will add a \$29 fee to the cash advance balance each time payment of a credit card check is stopped at your request. You may stop payment on a credit card check by notifying us in writing at P.O. Box 81622, Salinas, CA 93912-1622 or by calling us at the telephone number listed on the billing statement. When you write, include the number, payee, amount, and date of the credit card check on which payment is to be stopped. If you call, you must confirm the call in writing within 14 days. A written stop payment will remain in effect for six months unless renewed in writing.

**FOREIGN TRANSACTIONS**

**FOR MASTERCARD® ACCOUNTS**

If you effect a transaction with your MasterCard card in a currency other than U.S. dollars, MasterCard International Incorporated will convert the charge into a U.S. dollar amount. MasterCard International will use its currency conversion procedure, which is disclosed to institutions that issue MasterCard® cards. Currently, the currency conversion rate used by MasterCard International to determine the transaction amount in U.S. dollars for such transactions is generally either a government-mandated rate or a wholesale rate determined by MasterCard International for the processing cycle in which the transaction is processed, increased by an adjustment factor established from time to time by MasterCard International. The currency conversion rate used by MasterCard International on the processing date may differ from the rate that would have been used on the purchase date or cardholder statement posting date.

**FOR VISA® ACCOUNTS**

If you incur a charge in a foreign currency, the charge will be converted by Visa International into a U.S. dollar amount. Visa International will use the procedures set forth in its Operating Regulations in effect at the time that the transaction is processed. Currently, those Regulations provide that the currency conversion rate to be used is either (1) a wholesale market rate or (2) a government-mandated rate in effect one day prior to the processing date, increased by one percent in each case. Visa retains this one percent as compensation for performing the currency conversion service. The currency conversion rate in effect on the processing date may differ from the rate in effect on the transaction date or the posting date.

**APPLICABLE LAW**

This Agreement and your Account will be governed by federal law and the laws of the state of Nevada, whether or not you live in Nevada and whether or not your Account is used outside Nevada. This Agreement is entered into in Nevada and all credit under this Agreement will be extended from Nevada.

**ASSIGNMENT OF ACCOUNT**

We may sell, assign or transfer your Agreement and Account or any portion thereof without notice to you. You may not sell, assign or transfer your Account.

**CERTAIN PRIVACY PRACTICES**

You agree that from time to time we may receive credit information concerning you from others, such as stores, other lenders, and credit reporting agencies, and that we may use this information to amend, cancel or suspend your credit privileges under this Agreement even if you are not in default with us. You agree that the Department of Motor Vehicles may release your residence address to us, should it become necessary to locate you. You agree that our supervisory personnel may listen and record telephone calls between you and our representatives in order to evaluate the quality of our service to you and to other cardmembers. For additional information regarding our privacy practices, please refer to our Privacy Statement previously provided to you.

**INFORMATION SHARING WITH AFFILIATES**

You agree that we may share information we receive about your creditworthiness ("Credit Information") and/or information relating to our transactions and experiences with you ("Experience Information") with persons related to us by common ownership or affiliated with us by corporate control ("Affiliates"). Our Affiliates may use this information to determine if you qualify for additional offers of credit. You may prohibit the sharing of Credit Information with our Affiliates by writing to us at P.O. Box 81622, Salinas, CA 93912-1622 and including the name, address, social



**CHANGE OF NAME, ADDRESS, TELEPHONE NUMBER OR EMPLOYMENT**  
 You agree to give us prompt notice of any change in your name, mailing address, telephone number or place of employment.

**STOP PAYMENT**

We will add a \$29 fee to the cash advance balance each time payment of a credit card check is stopped at your request. You may stop payment on a credit card check by notifying us in writing at P.O. Box 81622, Salinas, CA 93912-1622 or by calling us at the telephone number listed on the billing statement. When you write, include the number, payee, amount, and date of the credit card check on which payment is to be stopped. If you call, you must confirm the call in writing within 14 days. A written stop payment will remain in effect for six months unless renewed in writing.

**FOREIGN TRANSACTIONS  
 FOR MASTERCARD\* ACCOUNTS**

If you effect a transaction with your MasterCard card in a currency other than U.S. dollars, MasterCard International Incorporated will convert the charge into a U.S. dollar amount. MasterCard International will use its currency conversion procedure, which is disclosed to institutions that issue MasterCard\* cards. Currently, the currency conversion rate used by MasterCard International to determine the transaction amount in U.S. dollars for such transactions is generally either a government-mandated rate or a wholesale rate determined by MasterCard International for the processing cycle in which the transaction is processed, increased by an adjustment factor established from time to time by MasterCard International. The currency conversion rate used by MasterCard International on the processing date may differ from the rate that would have been used on the purchase date or cardholder statement posting date.

**FOR VISA\* ACCOUNTS**

If you incur a charge in a foreign currency, the charge will be converted by Visa International into a U.S. dollar amount. Visa International will use the procedures set forth in its Operating Regulations in effect at the time that the transaction is processed. Currently, those Regulations provide that the currency conversion rate to be used is either (1) a wholesale market rate or (2) a government-mandated rate in effect one day prior to the processing date, increased by one percent in each case. Visa retains this one percent as compensation for performing the currency conversion service. The currency conversion rate in effect on the processing date may differ from the rate in effect on the transaction date or the posting date.

**APPLICABLE LAW**

This Agreement and your Account will be governed by federal law and the laws of the state of Nevada, whether or not you live in Nevada and whether or not your Account is used outside Nevada. This Agreement is entered into in Nevada and all credit under this Agreement will be extended from Nevada.

**ASSIGNMENT OF ACCOUNT**

We may sell, assign or transfer your Agreement and Account or any portion thereof without notice to you. You may not sell, assign or transfer your Account.

**CERTAIN PRIVACY PRACTICES**

You agree that from time to time we may receive credit information concerning you from others, such as stores, other lenders, and credit reporting agencies, and that we may use this information to amend, cancel or suspend your credit privileges under this Agreement even if you are not in default with us. You agree that the Department of Motor Vehicles may release your residence address to us, should it become necessary to locate you. You agree that our supervisory personnel may listen and record telephone calls between you and our representatives in order to evaluate the quality of our service to you and to other cardmembers. For additional information regarding our privacy practices, please refer to our Privacy Statement previously provided to you.

**INFORMATION SHARING WITH AFFILIATES**

You agree that we may share information we receive about your creditworthiness ("Credit Information") and/or information relating to our transactions and experiences with you ("Experience Information") with persons related to us by common ownership or affiliated with us by corporate control ("Affiliates"). Our Affiliates may use this information to determine if you qualify for additional offers of credit. You may prohibit the sharing of Credit Information with our Affiliates by writing to us at P.O. Box 81622, Salinas, CA 93912-1622 and including the name, address, social

security number, signature and account number (if applicable) for each person making the election. Your request will not apply to the sharing of Experience Information.

#### **CREDIT REPORTING**

If you fail to fulfill the terms of this Agreement, a negative report reflecting on your credit record may be submitted to a credit reporting agency. If any specific information related to your Account transactions or credit experience with us is inaccurate, you may notify us and request us to correct the inaccurate information (after confirmation of the alleged error) reported to any credit reporting agency by writing to us at P.O. Box 98706, Las Vegas, NV 89193.

#### **WAIVER**

We may choose to delay enforcing or waive any of our rights under this Agreement in certain situations. We can delay enforcing or waive any of our rights without affecting our other rights. If we waive a right, we do not thereby waive the same right in other situations.

#### **UPDATED FINANCIAL AND OTHER INFORMATION**

Upon request, you agree to promptly give us accurate financial and other information about yourself.

#### **SEVERABILITY**

If any provision of this Agreement is finally determined to be void or unenforceable under any law, rule or regulation, all other provisions of this Agreement will remain valid and enforceable.

#### **ARBITRATION**

You agree any claim, dispute, or controversy (whether based upon contract; tort, intentional or otherwise; constitution; statute; common law; or equity and whether pre-existing, present or future), including initial claims, counter-claims, cross-claims and third party claims, arising from or relating to this Agreement or the relationships which result from this Agreement, including the validity or enforceability of this arbitration clause, any part thereof or the entire Agreement ("Claim"), shall be resolved, upon the election of you or us, by binding arbitration pursuant to this arbitration provision and the applicable rules or procedures of the arbitration administrator selected at the time the Claim is filed. The party initiating the arbitration proceeding shall have the right to select one of the following three arbitration administrators: the National Arbitration Forum ("NAF"), the American Arbitration Association ("AAA") or JAMS. The arbitrator shall be a lawyer with more than ten years experience or a retired or former judge. We agree not to invoke our right to arbitrate an individual Claim you may bring in small claims court or an equivalent court, if any, so long as the Claim is pending only in that court. The rules and forms of the NAF, AAA and JAMS may be obtained by writing to these organizations at the addresses listed below. Our address for service of process under this provision is Household Credit Services, Inc., P.O. Box 98740, Las Vegas, NV 89193-8740.

Any participatory arbitration hearing that you attend will take place in the city nearest to your residence where a federal district court is located or at such other location as agreed by the parties. On any Claim you file, you will pay the first \$50 of the filing fee. At your request we will pay the remainder of the filing fee and any administrative or hearing fees charged by the arbitration administrator on any Claim submitted by you in arbitration up to a maximum of \$1,500. If you are required to pay any additional fees to the arbitration administrator, we will consider a request by you to pay all or part of the additional fees; however, we shall not be obligated to pay any additional fees unless the arbitrator grants you an award. If the arbitrator grants an award in your favor, we will reimburse you for any additional fees paid or owed by you to the arbitration administrator up to the amount of the fees that would have been charged if the original Claim had been for the amount of the actual award in your favor. The parties shall bear the expense of their respective attorney's fees, except as otherwise provided by law. If a statute gives you the right to recover any of these fees, or the fees paid to the arbitration administrator, these statutory rights shall apply in the arbitration notwithstanding anything to the contrary contained herein. If the arbitrator issues an award in our favor, you will not be required to reimburse us for any fees we have previously paid to the arbitration administrator or for which we are responsible.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by the Federal Arbitration Act, 9 U.S.C. Sections 1 - 16 (the "FAA"). The arbitrator shall apply applicable substantive law consistent

with the FAA and provide written reasoned findings of fact and conclusions of law. The arbitrator's award shall not be subject to appeal except as permitted by the FAA. The parties agree that the award shall be kept confidential. Judgment upon the award may be entered in any court having jurisdiction.

This arbitration agreement shall survive termination of your Account as well as the repayment of all amounts borrowed hereunder. If any portion of this arbitration agreement is deemed invalid or unenforceable under any law or statute consistent with the FAA, it shall not invalidate the remaining portions of this arbitration agreement or the Agreement. In the event of a conflict or inconsistency between the rules and procedures of the arbitration administrator and this arbitration agreement, this arbitration agreement shall govern. No class actions or joinder or consolidation of any Claim with the claim of any other person are permitted in arbitration without the written consent of you and us.

**THE PARTIES ACKNOWLEDGE THAT THEY HAVE A RIGHT TO LITIGATE CLAIMS THROUGH A COURT BEFORE A JUDGE OR JURY, BUT WILL NOT HAVE THAT RIGHT IF EITHER PARTY ELECTS ARBITRATION. THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY WAIVE THEIR RIGHTS TO LITIGATE SUCH CLAIMS IN A COURT BEFORE A JUDGE OR JURY UPON ELECTION OF ARBITRATION BY EITHER PARTY.**

You may contact, obtain the arbitration rules of, or file a Claim with NAF, AAA, or JAMS as follows:

National Arbitration Forum  
P.O. Box 50191  
Minneapolis, MN 55405  
www.arb-forum.org  
Code of Procedure

American Arbitration Association  
1150 Connecticut Ave, NW, 6th Floor  
Washington, DC 20036-4104  
www.adr.org  
Arbitration Rules for Consumer  
Disputes (Claims under \$10,000)  
Commercial Arbitration Rules  
(all other claims).

JAMS  
45 Broadway  
New York, NY 10005  
www.jamsadr.com  
Financial Services  
Arbitration Rules and  
Procedures.

## **What To Do If There's An Error In Your Bill**

### **YOUR BILLING RIGHTS – KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your Account rights and our responsibilities under the Fair Credit Billing Act.

### **NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BILL**

If you think your bill is wrong, or if you need more information about a transaction on your bill, write us on a separate sheet at the address listed on your bill. Write to us as soon as possible. We must hear from you no later than 60 days after we sent you the first bill on which the error or problem appeared. You can telephone us, but doing so will not preserve your rights.

In your letter give us the following information:

- Your name and account number.
- The dollar amount of the suspected error.
- Describe the error and explain, if you can, why you believe there is an error.

If you need more information, describe the item you are not sure about.

If you have authorized us to pay your credit card bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach us three business days before the automatic payment is scheduled to occur.

### **YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICE**

We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the bill was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including finance charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your bill that are not in question.

If we find that we made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If we didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we think you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within ten days telling us that you still refuse to pay, we must tell anyone to whom we furnished credit information about you that you have a question about your bill. And we must tell you the name of anyone to whom we gave this information. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we can't collect the first \$50 of the questioned amount, even if your bill was correct.

**SPECIAL RULE FOR CREDIT CARD PURCHASES**

If you have a problem with the quality of property or services that you purchased with a credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the property or services. There are two limitations on this right:

- (a) You must have made the purchase in the same state as your current designated address or, if not within the same state, within 100 miles from that address; and
- (b) The purchase price must have been more than \$50.

These limitations do not apply if we own or operate the merchant, or if we mailed you the advertisement for the property or services.

Household Credit Services, Inc. provides processing services for Household Bank (SB), N.A.

You may write to us at:  
Household Bank (SB), N.A.  
1111 Town Center Drive  
Las Vegas, Nevada 89134  
Website Address: [www.householdbank.com](http://www.householdbank.com)



Thomas M. Kimble  
Executive Vice President  
December 1, 2003

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Visa is a registered mark of Visa International and Visa U.S.A.  
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Our name has changed. Your credit card, formerly issued by Household Bank (SB), N.A., is now issued by HSBC Bank Nevada, N.A. Your account is serviced by our affiliates - Household Credit Services, Inc. and/or Household Credit Services (II), Inc., who have changed their names to HSBC Card services Inc. and HSBC Card Services (II) Inc., respectively. These changes were effective March 1, 2005. During the next few months of transition, you may receive correspondence with either name.

## **HSBC BANK NEVADA, N.A.**

### **Privacy Statement**

#### **Our Commitment to You**

HSBC Bank Nevada, N.A., formerly known as Household Bank (SB), N.A. ("HSBC Bank Nevada"), is proud to be part of a financial services organization that has been providing superior products and services to its customers for more than a century. We greatly appreciate the trust that you and millions of other customers have placed in us, and we protect that trust by respecting your privacy even if our relationship with you ends.

This Privacy Statement illustrates our commitment to your privacy and explains our privacy practices so you can make an informed decision about whom you allow us to share your information with in order to offer you additional products and services. Although most customers enjoy receiving offers and information about additional products and services, if you prefer that we don't share your information for marketing purposes we will respect your choice. If you have selected a credit insurance product, the privacy statement applicable to that credit insurance product is set forth at the end of this Privacy Statement.

#### **Types of Information We Collect**

It is important for you to know that in order to ensure that our customers get the very best service and the highest quality products, HSBC Bank Nevada collects demographic information (such as your name and address) and credit information (such as information related to your accounts with us and others). This information comes either directly from you, for instance, from your application and transactions on your account; or, it may come from an outside source such as your credit bureau report. In addition, if you visit our Internet website, we may collect certain information about your Internet usage. Gathering this information helps us to identify our customers and manage our customer relationships. It also assists us in the development of products and services to meet the continuing needs of our customers.

#### **We Respect Your Privacy**

Since some of the information we gather is not publicly available, we take great care to ensure that this information is kept safe from unauthorized access. Because HSBC Bank Nevada respects your privacy and values your trust, the only employees or companies who can access your non-public personal information are those who use it to service your account or provide services to you or to us. HSBC Bank Nevada diligently maintains physical, electronic and procedural safeguards that comply with applicable federal standards to guard your non-public personal information and to assist us in preventing unauthorized access to that information.